

AUDITOR-CONTROLLER/TREASURER/TAX COLLECTOR

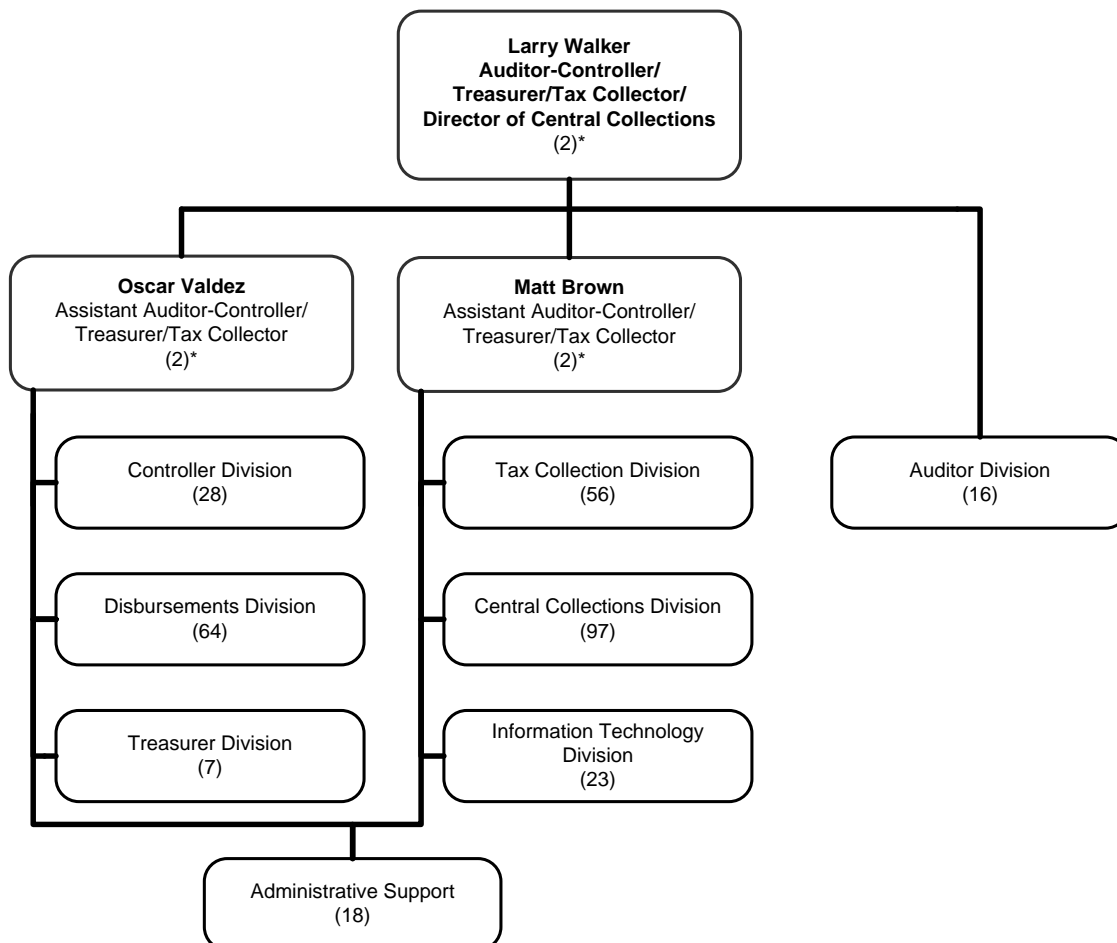
Larry Walker

DEPARTMENT MISSION STATEMENT

The Office of the Auditor-Controller/Treasurer/Tax Collector processes, safeguards, and provides information regarding County financial activities, manages the County treasury pool, collects and distributes property taxes and other obligations owed to County agencies and courts with integrity, independent judgment, and courteous, outstanding service that is accessible to citizens, businesses, and other public agencies. We are accurate, fair, timely and innovative in the use of technology to enhance services throughout the County.



ORGANIZATIONAL CHART



*Includes one secretary position



2015-16 SUMMARY OF BUDGET UNITS

	2015-16				
	Requirements	Sources	Net County Cost	Use of / (Contribution to) Fund Balance	Use of / (Contribution to) Net Position
General Fund					
Auditor-Controller/Treasurer/Tax Collector	39,324,296	27,581,097	11,743,199		315
Total General Fund	39,324,296	27,581,097	11,743,199		315
Special Revenue Funds					
Redemption Restitution Maintenance	200,000	234,800		(34,800)	0
Total Special Revenue Funds	200,000	234,800		(34,800)	0
Total - All Funds	39,524,296	27,815,897	11,743,199	(34,800)	0

2014-15 MAJOR ACCOMPLISHMENTS

- Increased audit reports issued by Internal Audits by 300% between 2012-13 and 2013-14. Issued 28 compliance and operational audits from July 1, 2014 thru March 31, 2015, making recommendations for improvement of internal controls over cash, trust funds, fixed assets, cost claims and the management of federal grants.
- Partnered with the Governmental Accounting Standards Board (GASB) to perform a field test for a preliminary view of a potential new GASB pronouncement on fiduciary responsibility. Field tests are voluntary and are performed to identify potential problems and costs related to implementation.
- Collaborated with County departments to enhance the monitoring/processing of sales and use tax transactions, which resulted in a reduction to the County's liability from the previous State Board of Equalization audit from \$1.0 million for the period of October 1, 2007 thru December 31, 2010 to a current estimated liability of \$266,000 for the period of January 31, 2011 thru March 31, 2014.



DEPARTMENT PERFORMANCE MEASURES

COUNTY GOAL: IMPROVE COUNTY GOVERNMENT OPERATIONS		Measure	2013-14 Actual	2014-15 Target	2014-15 Est.	2015-16 Target
OBJECTIVE	Continue to develop and maintain consistent messaging for the organization.	Receive the GFOA Certificate of Achievement for Excellence in Financial Reporting	Yes	Yes	Yes	Yes
STRATEGY	Maintain the financial accounting system in accordance with Generally Accepted Accounting Standards and the Government Finance Officers Association (GFOA) to achieve the highest standards in government accounting and financial reporting.					
COUNTY GOAL: PURSUE COUNTY GOALS AND OBJECTIVES BY WORKING WITH OTHER AGENCIES		Measure	2013-14 Actual	2014-15 Target	2014-15 Est.	2015-16 Target
OBJECTIVE	Maintain close working relationships with cities, tribes and other governmental agencies.	Percentage of apportionments completed by the third week of the following fiscal year.	100%	100%	100%	100%
STRATEGY	Complete the final property tax apportionment by the third week following the end of the fiscal year.					
COUNTY GOAL: OPERATE IN A FISCALLY-RESPONSIBLE AND BUSINESS-LIKE MANNER		Measure	2013-14 Actual	2014-15 Target	2014-15 Est.	2015-16 Target
OBJECTIVE	Invest County resources in ways which create more ongoing revenue to reinvest in maintaining and improving services.	County investment pool rating	Fitch - AAA	Fitch - AAA	Fitch - AAA	Fitch - AAA
STRATEGY	Maintain the highest possible credit rating for the County investment pool.					
COUNTY GOAL: OPERATE IN A FISCALLY-RESPONSIBLE AND BUSINESS-LIKE MANNER		Measure	2013-14 Actual	2014-15 Target	2014-15 Est.	2015-16 Target
OBJECTIVE	Invest County resources in ways which create more ongoing revenue to reinvest in maintaining and improving services.	Percentage of annual tax charge collected	98.20%	96%	96%	96%
STRATEGY	Maintain collection of property taxes at 96% or higher, which are used to fund key public services including education, police and fire protection, social and health services.					



Auditor-Controller/Treasurer/Tax Collector

DESCRIPTION OF MAJOR SERVICES

The Office of the Auditor-Controller/Treasurer/Tax Collector (ATC) is responsible for providing the County and its constituents with a variety of accounting, collections, and investment services.

The Controller Division records the collections and performs the accounting, reporting, and claims of all County financial activities to ensure sound financial management. It is also responsible for developing and implementing accounting systems and standards and administering the Countywide Cost Allocation Plan. The Disbursements Division is responsible for vendor payments, payroll services, the compilation of property tax rates, revenue disbursements to taxing agencies and managing and calculating pass-through agreement payments on behalf of Countywide successor agencies relating to the dissolution of Redevelopment Agencies.

The Treasurer Division performs the County's treasury function including the investment of all County and School District funds within the County investment pool and associated banking services. The Treasurer currently manages assets of \$4.5 - \$5.3 billion. The Tax Collection Division collects property taxes for all County taxing entities and is anticipated to amount to over \$2.2 billion in property taxes and other fees in 2014-15.

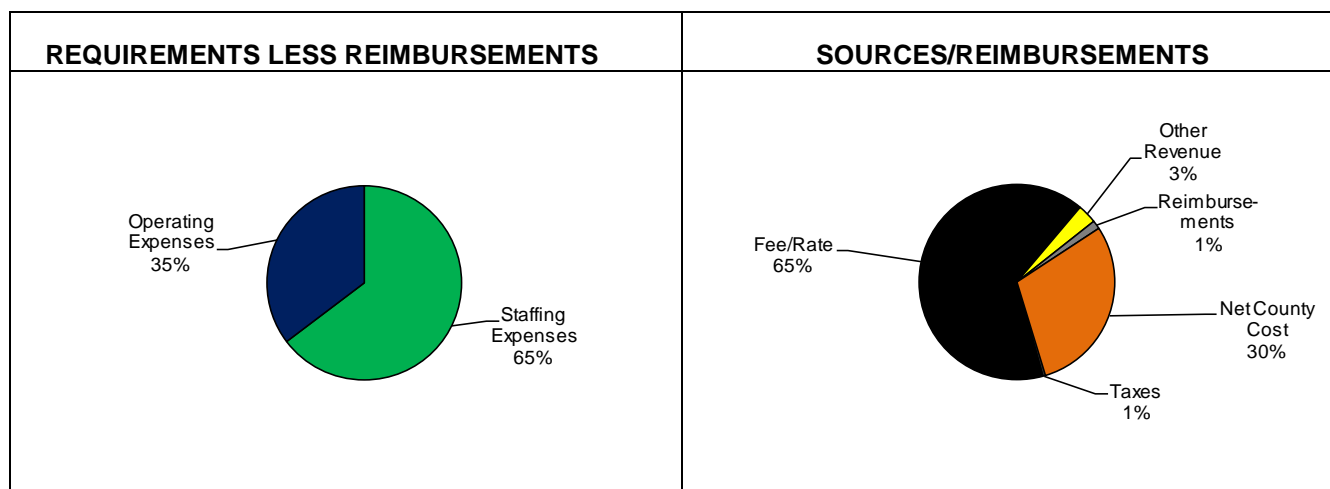
The Central Collections Division provides collection services for the County and Superior Court, and is anticipated to collect nearly \$50.8 million for the year ending June 30, 2015, consisting of \$33.8 million for collection of court-ordered payments and \$17.0 million for Arrowhead Regional Medical Center's delinquent accounts receivable.

The Auditor Division performs operational and financial audits of departments, agencies and special districts, evaluates internal controls for operational improvement, and operates the Fraud, Waste and Abuse Hotline.

Budget at a Glance

Requirements Less Reimbursements	\$39,882,796
Sources/Reimbursements	\$28,139,597
Net County Cost	\$11,743,199
Total Staff	315
Funded by Net County Cost	30%

2015-16 RECOMMENDED BUDGET



ANALYSIS OF 2015-16 RECOMMENDED BUDGET

GROUP: Fiscal
DEPARTMENT: Auditor-Controller/Treasurer/Tax Collector
FUND: General

BUDGET UNIT: AAA ATX
FUNCTION: General
ACTIVITY: Finance

	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Estimate	2014-15 Modified Budget	2015-16 Recommended Budget	Change From 2014-15 Modified Budget
Requirements							
Staffing Expenses	22,181,622	22,511,394	22,924,596	22,453,655	24,403,127	25,701,365	1,298,238
Operating Expenses	11,296,625	10,365,494	11,882,362	12,450,490	13,435,353	14,043,431	608,078
Capital Expenditures	55,963	88,481	123,796	180,000	235,000	138,000	(97,000)
Total Exp Authority	33,534,210	32,965,369	34,930,754	35,084,145	38,073,480	39,882,796	1,809,316
Reimbursements	(1,258,293)	(275,419)	(323,835)	(330,500)	(595,860)	(558,500)	37,360
Total Appropriation	32,275,917	32,689,950	34,606,919	34,753,645	37,477,620	39,324,296	1,846,676
Operating Transfers Out	0	0	0	0	0	0	0
Total Requirements	32,275,917	32,689,950	34,606,919	34,753,645	37,477,620	39,324,296	1,846,676
Sources							
Taxes	0	386,920	289,460	181,090	800,000	180,000	(620,000)
Realignment	0	0	0	0	0	0	0
State, Fed or Gov't Aid	136,502	153,632	75,605	180,945	122,204	127,776	5,572
Fee/Rate	18,108,328	19,472,244	19,538,898	19,595,409	20,868,765	26,011,871	5,143,106
Other Revenue	4,880,121	4,887,853	4,869,125	5,027,341	4,812,358	1,261,450	(3,550,908)
Total Revenue	23,124,951	24,900,649	24,773,088	24,984,785	26,603,327	27,581,097	977,770
Operating Transfers In	0	0	0	0	0	0	0
Total Financing Sources	23,124,951	24,900,649	24,773,088	24,984,785	26,603,327	27,581,097	977,770
Net County Cost	9,150,966	7,789,301	9,833,831	9,768,860	10,874,293	11,743,199	868,906
Budgeted Staffing*	291	280	295	297	297	315	18

* Data represents modified budgeted staffing

MAJOR EXPENDITURES AND REVENUE IN 2015-16 RECOMMENDED BUDGET

Staffing expenses of \$25.7 million represent the majority of expenditures in this budget unit and fund 315 budgeted positions. These expenses are necessary to provide accounting, auditing, collections, and investment services to County departments and constituents. Sources primarily represent fee/rate and cost-reimbursement revenue generated by services provided.

BUDGET CHANGES AND OPERATIONAL IMPACT

Requirements are increasing by \$1.8 million, primarily due to increases in staffing expenses from the addition of 18 new positions, and operating expenses due to an increase in bank related costs to the Treasury Pool. Sources are increasing by \$977,770, primarily due to an increase in the cost reimbursement associated with the treasury pool. Additionally, sources of \$4.4 million in Other Revenue have been reclassified to Fee/Rate due to reporting requirements of the State Controller's office.

Net County Cost includes an ongoing increase of \$479,875 to fund 8 new positions that will increase efficiencies within the department due to increased workload and to restore positions that were eliminated in previous fiscal years due to budget cuts. Included in the increase is the funding of a new position to calculate indirect cost rates for use in Countywide fee calculations.



2015-16 POSITION SUMMARY*

Division	2014-15 Modified Staffing	Adds	Deletes	Reorgs	2015-16 Recommended	Limited	Regular
Management	6	0	0	0	6	0	6
Administrative Support	18	0	0	0	18	10	8
Information Technology Division	22	1	0	0	23	0	23
Auditor Division	14	2	0	0	16	0	16
Controller Division	27	1	0	0	28	0	28
Disbursements Division	60	5	-1	0	64	5	59
Treasurer Division	7	0	0	0	7	0	7
Tax Collection Division	53	2	0	1	56	1	55
Central Collections Division	90	8	0	-1	97	0	97
Total	297	19	-1	0	315	16	299

*Detailed classification listing available in Appendix D

STAFFING CHANGES AND OPERATIONAL IMPACT

Staffing expenses of \$25.7 million fund 315 budgeted positions of which 299 are regular positions and 16 are limited term positions. The budget includes a net increase of 18 regular positions, consisting of the addition of 3 Office Assistant III's in Central Collections to assist with the set-up of collection accounts and processing of specialized documents, 1 Office Assistant III in Tax Collection to process payment transactions and provide customer service, 1 Programmer Analyst III in Information Technology to support and implement new processes to enhance the Tax Collection systems, 1 Accountant II in Disbursements to assist with work related to Redevelopment Agencies (RDA), 5 Collection Officers II, which is a new classification added in Central Collections to perform in a lead capacity and assist the section supervisor, and the deletion of 1 vacant Supervising Accounting Technician in Disbursements to offset the increased costs of the other positions. The above new positions are funded by additional revenue; collections revenue funds the Collection Officer II's and 3 Office Assistant III's, additional tax collection fee revenue and tax sale fee revenue fund the Office Assistant III in Tax Collection and Programmer Analyst III and the Accountant II cost is offset by the deletion of the Supervising Accounting Technician.

Eight new positions are funded by an increase in ongoing Net County Cost to increase efficiencies within the department and consist of 1 Office Assistant II in Tax Collection to process supplemental tax bills, 1 Office Assistant II in Disbursements to respond to an increase in customer service requests due to an increase in property reassessments, 1 Systems Accountant II to assist in Disbursements with property tax apportionment due to legislative changes, 1 Supervising Fiscal Specialist in Disbursements to supervise routine payment processing operations, 1 Office Assistant IV in Disbursements as a lead position for the data entry function, 1 Accountant III in Controller to prepare Indirect Cost Rate Proposals for County departments, and 2 Accountant II's in Internal Audits to assist with mandated audits and assist the Single Audit Coordinator.



Redemption Restitution Maintenance

DESCRIPTION OF MAJOR SERVICES

The Redemption Restitution Maintenance budget unit consists of revenue received from tax sales and the State of California for the Victim Restitution Rebate.

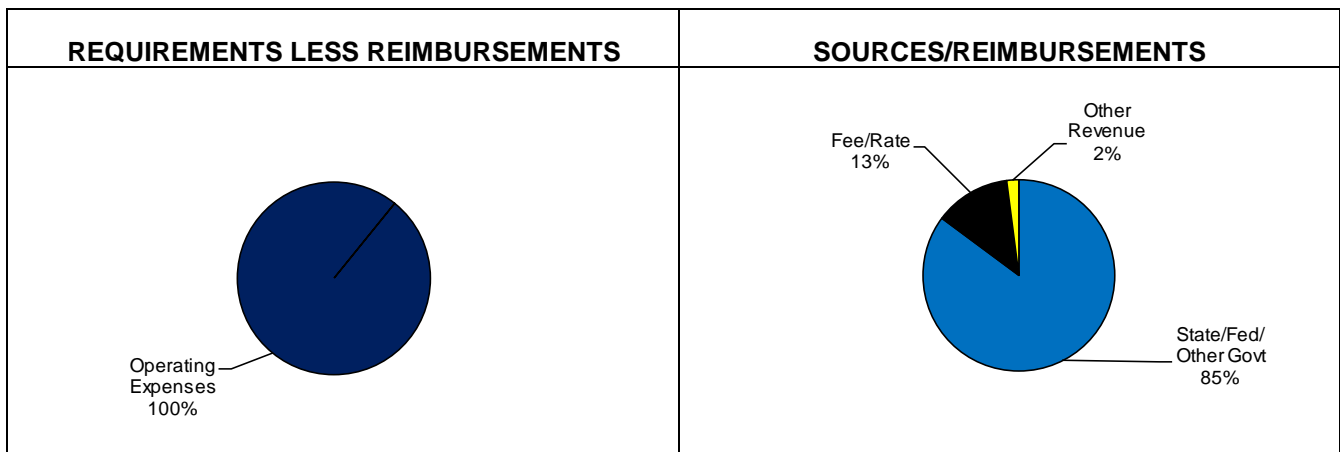
Budget at a Glance

Requirements Less Reimbursements	\$200,000
Sources/Reimbursements	\$234,800
Use of/ (Contribution to) Fund Balance**	(\$34,800)
Total Staff	0

Redemption Maintenance accounts for revenue received from tax sales to defray the costs of maintaining the redemption and tax defaulted files, and the costs of administering and processing the claims for excess tax sale proceeds. Revenue includes unclaimed excess tax sale proceeds collected pursuant to Revenue and Taxation Code 4674.

Restitution Maintenance accounts for rebate revenue received from the State of California for collecting and submitting Victim Restitution funds timely to the State, per Government Code 13963(f). Additionally, the rebate revenue received is used to further collection efforts.

2015-16 RECOMMENDED BUDGET



** Contribution to Fund Balance appears as a negative number and increases Available Reserves.



ANALYSIS OF 2015-16 RECOMMENDED BUDGET

GROUP: Fiscal
DEPARTMENT: Auditor-Controller/Treasurer/Tax Collector
FUND: Redemption Restitution Maintenance

BUDGET UNIT: SDQ TTX
FUNCTION: General
ACTIVITY: Finance

	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Estimate	2014-15 Modified Budget	2015-16 Recommended Budget	Change From 2014-15 Modified Budget
Requirements							
Staffing Expenses	0	0	0	0	0	0	0
Operating Expenses	0	0	0	0	265,000	200,000	(65,000)
Capital Expenditures	0	0	0	0	0	0	0
Total Exp Authority	0	0	0	0	265,000	200,000	(65,000)
Reimbursements	0	0	0	0	0	0	0
Total Appropriation	0	0	0	0	265,000	200,000	(65,000)
Operating Transfers Out	0	0	0	0	0	0	0
Total Requirements	0	0	0	0	265,000	200,000	(65,000)
Sources							
Taxes	0	0	0	0	0	0	0
Realignment	0	0	0	0	0	0	0
State, Fed or Gov't Aid	790,562	233,744	175,355	226,145	200,000	200,000	0
Fee/Rate	0	0	0	0	85,000	30,000	(55,000)
Other Revenue	910	3,143	3,690	4,661	3,500	4,800	1,300
Total Revenue	791,472	236,887	179,045	230,806	288,500	234,800	(53,700)
Operating Transfers In	0	0	0	0	0	0	0
Total Financing Sources	791,472	236,887	179,045	230,806	288,500	234,800	(53,700)
Fund Balance							
Use of / (Contribution to) Fund Balance**	(791,472)	(236,887)	(179,045)	(230,806)	(23,500)	(34,800)	(11,300)
Available Reserves					1,413,050	1,655,156	242,106
Total Fund Balance					1,389,550	1,620,356	230,806
Budgeted Staffing*	0	0	0	0	0	0	0

*Data represents modified budgeted staffing

** Contribution to Fund Balance appears as a negative number and increases Available Reserves.

MAJOR EXPENDITURES AND REVENUE IN 2015-16 RECOMMENDED BUDGET

Operating expenses of \$200,000 represent a transfer to the Auditor-Controller/Treasurer/Tax Collector's general fund budget unit for staffing and operating expenses for work related to the processing of excess tax sale proceeds. Sources of \$234,800 represent revenue from the State of California, unclaimed excess tax sale proceeds and anticipated interest earnings.

BUDGET CHANGES AND OPERATIONAL IMPACT

Requirements are decreasing by \$65,000 due to transfers for staffing related to the processing of excess tax sale proceeds. Sources are decreasing by \$53,700 primarily due to a decrease in current services revenue from unclaimed excess tax sale proceeds, offset by an increase in anticipated interest earnings.

ANALYSIS OF FUND BALANCE

No use of Fund Balance is anticipated. A contribution to fund balance of \$34,800 is anticipated in 2015-16 as sources are anticipated to exceed requirements. In future years, fund balance can be used for processing tax sale excess proceeds and to further collection efforts for victim restitution.

STAFFING CHANGES AND OPERATIONAL IMPACT

There is no staffing associated with this budget unit.

